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Zero Fintech Group Limited
零在科技金融集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00093)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Board”) of Zero Fintech Group Limited (formerly known as Termbray Industries International (Holdings) Limited) (the “Company”) presents to shareholders of the Company the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 and the Group’s unaudited interim condensed consolidated statement of financial position as at 30 June 2024 together with the comparative figures as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Revenue			
Interest income from money lending business	4	116,187	93,546
Rental income	4	794	1,305
		<u>116,981</u>	<u>94,851</u>
Other income	4	2,473	666
Other (losses)/gains, net	4	(1,794)	1,184
Fair value (loss)/gain on the investment properties		(3,000)	6,000
Net impairment losses on financial assets	7	(43,530)	(40,766)
Advertising and promotion		(12,902)	(17,887)
Employee benefits expenses		(18,281)	(11,176)
Other operating expenses		(18,442)	(12,810)
		<u>21,505</u>	<u>20,062</u>
Operating profit		21,505	20,062
Finance costs	6	(1,123)	(3,463)
		<u>20,382</u>	<u>16,599</u>
Profit before income tax		20,382	16,599
Income tax expense	8	(5,673)	(2,991)
		<u>14,709</u>	<u>13,608</u>
Profit for the period	5	14,709	13,608

		Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Other comprehensive losses:			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings	<i>10</i>	(9,778)	(2,712)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(730)</u>	<u>(5,593)</u>
Other comprehensive losses for the period, net of tax		<u>(10,508)</u>	<u>(8,305)</u>
Total comprehensive income for the period		<u>4,201</u>	<u>5,303</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company:	<i>9</i>		
Basic		0.55	0.51
Diluted		<u>0.55</u>	<u>0.51</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	<i>10</i>	203,380	213,255
Investment properties	<i>10</i>	50,000	53,000
Intangible assets		8,539	9,211
Deferred income tax assets		8,569	7,876
Loan and interest receivables	<i>11</i>	500,141	485,959
Deposits		199	164
		770,828	769,465
		770,828	769,465
Current assets			
Completed properties for sale		53,882	54,265
Loan and interest receivables	<i>11</i>	239,119	152,677
Repossessed assets		23,364	21,413
Deposits, prepayments and other receivables		12,088	5,821
Financial assets at fair value through profit or loss		112	109
Cash and cash equivalents		129,313	101,057
		457,878	335,342
		457,878	335,342
Assets classified as held for sale		–	160,170
		–	160,170
Total assets		1,228,706	1,264,977
Equity and liabilities			
Equity			
Share capital		213,411	213,411
Reserves		871,565	867,364
		1,084,976	1,080,775
Total equity		1,084,976	1,080,775

		As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Liabilities			
Non-current liabilities			
Loan from a shareholder		115,772	–
Lease liabilities		1,062	579
		116,834	579
Current liabilities			
Other payables and accruals	<i>12</i>	9,442	169,299
Amount due to a related company		1,257	1,337
Lease liabilities		1,340	924
Income tax payable		14,857	12,032
		26,896	183,592
Liabilities directly associated with assets classified as held for sale		–	31
Total liabilities		143,730	184,202
Total equity and liabilities		1,228,706	1,264,977

Notes

1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate, and assets held for sale that are measured at the lower of their previous carrying amount and fair value less costs to sell at the end of each reporting period.

Other than changes in accounting policies resulting from application of amendments to standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

In the current interim period, the Group has applied the following amended standards and interpretations issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amended standards and interpretations in the current period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision Maker (“CODM”) in making strategic decisions. The CODM is identified as the executive directors of the Company.

During the six months ended 30 June 2024, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property development and investment	– Property development for sale of properties in the People’s Republic of China (“PRC”) and property investment for letting of properties in Hong Kong and the PRC.
Money lending	– Provide mortgage and personal loans financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the interim condensed consolidated financial information.

The segment results and other segment items are as follows:

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2024 (Unaudited)			
Revenue	<u>794</u>	<u>116,187</u>	<u>116,981</u>
Segment results	<u>(2,503)</u>	<u>28,666</u>	<u>26,163</u>
Unallocated other income			1,747
Unallocated other gains, net			239
Unallocated expenses			<u>(7,767)</u>
Profit before income tax			<u><u>20,382</u></u>
	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2023 (Unaudited)			
Revenue	<u>1,305</u>	<u>93,546</u>	<u>94,851</u>
Segment results	<u>8,452</u>	<u>12,412</u>	<u>20,864</u>
Unallocated other income			66
Unallocated other losses, net			(15)
Unallocated expenses			<u>(4,316)</u>
Profit before income tax			<u><u>16,599</u></u>

For the six months ended 30 June 2024 and 30 June 2023, unallocated expenses represent corporate expenses and unallocated other net gains and losses represent unrealised net exchange gains, fair value gain/(loss) on financial assets at fair value through profit or loss ("FVPL"), gain on disposal of property, plant and equipment and goodwill on acquisition of subsidiaries. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The segment assets and liabilities are as follows:

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2024 (Unaudited)			
Assets			
Segment assets	<u>176,830</u>	<u>842,010</u>	1,018,840
Unallocated assets			<u>209,866</u>
Total assets			<u>1,228,706</u>
Liabilities			
Segment liabilities	<u>9,922</u>	<u>129,712</u>	139,634
Unallocated liabilities			<u>4,096</u>
Total liabilities			<u>143,730</u>
	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2023 (Audited)			
Assets			
Segment assets	<u>340,500</u>	<u>704,489</u>	1,044,989
Unallocated assets			<u>219,988</u>
Total assets			<u>1,264,977</u>
Liabilities			
Segment liabilities	<u>10,247</u>	<u>170,771</u>	181,018
Unallocated liabilities			<u>3,184</u>
Total liabilities			<u>184,202</u>

All assets are allocated to operating and reportable segments other than certain property, plant and equipment, financial assets at FVPL, certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, certain other payables and accruals and certain lease liabilities.

Amounts included in the measure of segment results are as follows:

	Property development and investment HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the six months ended 30 June 2024 (Unaudited)				
Depreciation	–	(765)	(1,245)	(2,010)
Amortisation	–	(672)	–	(672)
Interest income	222	171	11	404
Interest expense	–	(1,112)	(11)	(1,123)
Income tax expense	(55)	(5,618)	–	(5,673)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
For the six months ended 30 June 2023 (Unaudited)				
Depreciation	–	(587)	(1,300)	(1,887)
Amortisation	–	(669)	–	(669)
Interest income	561	27	60	648
Interest expense	–	(3,463)	–	(3,463)
Income tax expense	(144)	(2,847)	–	(2,991)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Revenue from external customers, based on the location where the ownership of the goods are transferred and services are rendered, and non-current assets, other than the deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Hong Kong	116,187	94,011	760,489	761,573
The PRC	794	840	1,770	16
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	116,981	94,851	762,259	761,589

For the six months ended 30 June 2024 and 30 June 2023, no single customer contributed to 10% or more of the Group's total revenue.

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Reportable segment assets	1,018,840	1,044,989
Property, plant and equipment	200,000	211,000
Deposits, prepayments and other receivables	5,502	2,083
Financial assets at fair value through profit or loss	112	109
Cash and cash equivalents	4,252	6,796
	<hr/>	<hr/>
Total assets per interim condensed consolidated statement of financial position	1,228,706	1,264,977
	<hr/> <hr/>	<hr/> <hr/>
Reportable segment liabilities	139,634	181,018
Amount due to a related company	1,257	1,337
Other payables and accruals	1,461	1,847
Lease liabilities	1,378	–
	<hr/>	<hr/>
Total liabilities per interim condensed consolidated statement of financial position	143,730	184,202
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4. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Revenue, other income and other (losses)/gains, net recognised during the period are as follows:

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Revenue		
Interest income from money lending business	116,187	93,546
Rental income	794	1,305
	<hr/>	<hr/>
	116,981	94,851
	<hr/> <hr/>	<hr/> <hr/>

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Other income		
Interest income on bank deposits	404	648
IT service income	1,727	–
Sundry income	342	18
	<u>2,473</u>	<u>666</u>

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Other (losses)/gains, net		
Provision for impairment of repossessed assets	(2,273)	–
Unrealised net exchange gains	249	1,188
Fair value gain/(loss) on financial assets at fair value through profit or loss	3	(15)
Gain on disposal of property, plant and equipment	230	11
Goodwill on acquisition of subsidiaries	(3)	–
	<u>(1,794)</u>	<u>1,184</u>

5. PROFIT FOR THE PERIOD

The following expenses have been included in “other operating expenses” during the interim period:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment (<i>Note 10</i>)	2,010	1,887
Amortisation of intangible assets	672	669
Expenses relating to short-term leases	136	116
	<u>2,818</u>	<u>2,672</u>

6. FINANCE COSTS

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Interest expense on lease liabilities	51	15
Interest expense on loan from a shareholder	1,072	–
Unwinding of discount on deferred consideration payable	–	3,448
	<u>1,123</u>	<u>3,463</u>

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Loan and interest receivables		
– Net charge for provision for impairment	45,458	41,912
– Recoveries of amounts previously written-off	(1,928)	(1,146)
	<u>43,530</u>	<u>40,766</u>

8. INCOME TAX EXPENSE

Taxation has been calculated on the estimated assessable profits for the six months ended 30 June 2024 and 30 June 2023 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of income tax charged to the interim condensed consolidated statement of profit or loss represents:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Current income tax		
– PRC enterprise income tax	55	144
– Hong Kong profits tax	<u>6,311</u>	<u>4,916</u>
	6,366	5,060
Deferred income tax	<u>(693)</u>	<u>(2,069)</u>
Income tax expense	<u>5,673</u>	<u>2,991</u>

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	14,709	13,608
Weighted average number of ordinary shares in issue ('000)	<u>2,667,643</u>	<u>2,667,643</u>
Basic earnings per share (HK cents)	<u>0.55</u>	<u>0.51</u>

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 30 June 2023 and hence the diluted earnings per share is the same as the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)
30 June 2024		
Cost or revaluation:		
At 1 January 2024	233,350	53,000
Acquisition of subsidiaries	1,718	–
Additions	204	–
Disposals	(5,650)	–
Loss on revaluation	(11,000)	–
Fair value loss	–	(3,000)
Exchange realignment	(67)	–
	<hr/>	<hr/>
At 30 June 2024	<u>218,555</u>	<u>50,000</u>
Accumulated depreciation:		
At 1 January 2024	(20,095)	–
Depreciation charge during the period (<i>Note 5</i>)	(2,010)	–
Disposals	5,650	–
Loss on revaluation	1,222	–
Exchange realignment	58	–
	<hr/>	<hr/>
At 30 June 2024	<u>(15,175)</u>	<u>–</u>
Net book value		
At 30 June 2024	<u>203,380</u>	<u>50,000</u>
An analysis of cost or revaluation:		
At cost	3,380	–
At revaluation	200,000	–
At fair value	–	50,000
	<hr/>	<hr/>
	<u>203,380</u>	<u>50,000</u>

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)
30 June 2023		
Cost or revaluation:		
At 1 January 2023	256,054	222,000
Additions	304	–
Disposals	(1,110)	–
Write-off	(118)	–
Loss on revaluation	(4,000)	–
Fair value gains	–	6,000
	<hr/>	<hr/>
At 30 June 2023	<u>251,130</u>	<u>228,000</u>
Accumulated depreciation:		
At 1 January 2023	(20,645)	–
Depreciation charge during the period (<i>Note 5</i>)	(1,887)	–
Disposals	1,110	–
Write-off	118	–
Loss on revaluation	1,288	–
	<hr/>	<hr/>
At 30 June 2023	<u>(20,016)</u>	<u>–</u>
Net book value		
At 30 June 2023	<u>231,114</u>	<u>228,000</u>
An analysis of cost or revaluation:		
At cost	1,114	–
At revaluation	230,000	–
At fair value	–	228,000
	<hr/>	<hr/>
	<u>231,114</u>	<u>228,000</u>

The Group has accounted for leasehold land and buildings within property, plant and equipment using the revaluation model, and the investment properties using the fair value model. As at 30 June 2024, leases recognised as right-of-use assets amounted to HK\$2,282,000 (31 December 2023: HK\$1,485,000) and are included in property, plant and equipment presented in the interim condensed consolidated statement of financial position.

Rental income from an investment property for the six months ended 30 June 2023 amounted to HK\$465,000.

(a) Valuation process of the Group

The Group's leasehold land and buildings, and the investment properties were valued at 30 June 2024 and 31 December 2023 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the leasehold land and buildings, and investment properties valued.

For leasehold land and buildings, its current use equates to the highest and best use. During the six months ended 30 June 2024, the resulting loss arising on revaluation of HK\$9,778,000 (six months ended 30 June 2023: HK\$2,712,000) has been debited to the property revaluation reserve.

For the investment properties, their current use equates to the highest and best use. The fair value (loss)/gain are included in the interim condensed consolidated statement of profit or loss.

The recurring fair value measurement for leasehold land and buildings, and the investment properties are included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between levels 1, 2 and 3 during the period (six months ended 30 June 2023: Nil).

(b) Valuation techniques

The valuation of leasehold land and buildings and the investment properties were determined using the direct comparison method (31 December 2023: direct comparison method) (Level 3 approach) by making reference to comparable market transactions of similar properties. The most significant input into this valuation approach is the unit sales price, taking into account the differences in transaction time, location, frontage and size, etc. between the comparables and the properties.

For the leasehold land and buildings, the unit sales price as at 30 June 2024 amounts to HK\$66,300 (31 December 2023: HK\$69,900) per square foot on saleable area basis.

For the investment properties, the unit sales price as at 30 June 2024 amounts to HK\$21,300 (31 December 2023: HK\$22,600) per square foot on saleable area basis.

An increase in the unit sales price adopted would result in an increase in the fair value measurement of leasehold land and buildings, and the investment properties by the same magnitude, and vice versa.

11. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Loan and interest receivables		
– Property mortgage loans	312,202	271,727
– Personal loans	510,970	439,566
	<u>823,172</u>	<u>711,293</u>
Less: Provision for impairment – stage 1	(53,641)	(50,940)
Provision for impairment – stage 2	(6,980)	(6,102)
Provision for impairment – stage 3	(23,291)	(15,615)
	<u>(83,912)</u>	<u>(72,657)</u>
Loan and interest receivables, net of provision	739,260	638,636
Less: Non-current portion	(500,141)	(485,959)
Current portion	<u>239,119</u>	<u>152,677</u>

The Group's loan and interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Except for personal loan and interest receivables of HK\$510,970,000 as at 30 June 2024 (31 December 2023: HK\$439,566,000) which are unsecured, the loan and interest receivables are secured by collaterals, interest-bearing and repayable with fixed terms agreed with the customers.

A maturity profile of the loan and interest receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Within one year	239,119	152,677
One to two years	60,178	64,334
Two to five years	271,558	260,791
Over five years	168,405	160,834
	<u>739,260</u>	<u>638,636</u>

12. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Deferred consideration payable (<i>Note</i>)	–	160,502
Rental deposits	158	100
Accrued audit fee	1,498	2,250
Accrued employee benefits expenses	2,546	2,066
Other payables and accrued expenses	5,240	4,381
	<u>9,442</u>	<u>169,299</u>

Note:

Deferred consideration payable represents the purchase consideration for acquiring aEasy Credit Investment Limited and its subsidiaries from Earth Axis Investment Limited, a company controlled by Mr. Tommy Lee, a director of the Company, on 23 September 2020. The balance of the consideration was settled by way of setting off against the equivalent amount of the disposal of the entire issued share capital of Termbray (Fujian) Land Development Company Limited, an indirect wholly-owned subsidiary of the Company, on 12 January 2024.

13. DIVIDEND

No dividend was declared in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

REVIEW OF OPERATIONS

During the current six months period under review, the Group achieved a revenue of HK\$116,981,000 (six months ended 30 June 2023: HK\$94,851,000) and recorded a profit for the period of HK\$14,709,000 (six months ended 30 June 2023: HK\$13,608,000).

The profit for the current period under review is primarily due to the aggregate effect upon the recognition of:

- (i) interest income from the money lending business recorded of approximately HK\$116.2 million during the current period (six months ended 30 June 2023: HK\$93.5 million), representing an increase of approximately HK\$22.7 million as compared with the six months ended 30 June 2023;
- (ii) net impairment losses on financial assets of approximately HK\$43.5 million; and
- (iii) fair value loss of HK\$3.0 million on the investment properties.

Property Development and Investment

The Group's completed properties for sale – Ever Success Plaza, comprising over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition within the property market in Zhongshan is intense as there are abundant supplies of properties with modern design.

There was not much improvement in the operating environment in the first half of 2024. The sales activities of the Group's property project in Zhongshan for the remaining residential units were not satisfactory during the current period under review.

During the period under review, no sale transactions were approved and registered in the government's property sales system. The Group had no sale of residential unit during the six months ended 30 June 2024. The rental income earned by the Group from Ever Success Plaza during the six months ended 30 June 2024 decreased by approximately 5% compared with the six months ended 30 June 2023. As at 30 June 2024, 56 residential units remained to be sold, out of which 4 residential units were let out.

Money Lending

In order to provide 24/7 borrowing experience, customers can apply for loans via the Group's automatic lending mobile application "X Wallet" App (the "X Wallet"), which is for unsecured loans only. The whole lending process through X Wallet involves no human intervention. The process requires the provision of the customer's Hong Kong Identity Card and facial recognition, and offers loans using information technology such as big-data and a credit scoring model. The loan facilities granted through X Wallet are all revolving loan facilities which could be repaid and re-borrowed within the approved credit limit at any time during the loan period. The Group also offers unsecured loans such as debt consolidation loans and personal loans to customers granted by the credit committee with specific credit limit, loan period and repayment schedule. The Group primarily focuses its sales and marketing effort on sourcing new customers for unsecured loans, including advertising through public transportation, outdoor banner, television, online media platforms, pamphlets and other marketing campaigns. The loan periods for unsecured loans typically range from 2 years to 7 years. The maximum amount of unsecured loan could be as high as HK\$1,200,000.

The number of active customers of unsecured loans increased from 13,491 as at 31 December 2023 to 14,224 as at 30 June 2024. The increase in number of active customers improved the results of unsecured loans and generated a revenue of approximately HK\$95 million during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$81 million).

The majority of interest rates for unsecured loans ranged from 25% to 48% per annum and the weighted average interest rate charged was approximately 41% per annum. Loan amounts for unsecured loans granted ranged from HK\$5,000 to HK\$1,200,000.

The Group also focuses on providing mortgage loans to customers by pledging the residential properties in Hong Kong. The management cautiously carries out the money lending business in Hong Kong. With the economic uncertainty and potential challenges, the management carefully assesses the credit worthiness of the borrowers as well as the quality and leverage of the mortgaged properties.

For mortgage loans, lower interest rates are charged compared to unsecured personal credit loans. The Group engaged mortgage referral agents, which are all independent third parties, to source new customers. The tenure of the majority of the mortgage loans ranged from 1 year to 20 years and the actual tenure may differ subject to customer's early repayment.

The majority of interest rates for secured loans granted ranged from 9% to 18% per annum and the weighted average interest rate charged was approximately 13% per annum. The majority of the collateral are residential properties and commercial properties, and all of the collaterals are located in Hong Kong. Loan amounts for secured loans granted ranged from HK\$80,000 to HK\$85,000,000.

As at 30 June 2024, the number of mortgage loans customers was 81, of which the top 10 customers represented 62.5% of the total mortgage loan receivables, and the number of unsecured loans customers was 14,224, of which the top 10 customers represented 1.4% of the total unsecured loan receivables. The largest and five largest customers accounted for 10.5% and 19.3% respectively of the total loan receivables as at 30 June 2024.

Credit Risk Assessment Policy

All of the information provided by customers are required to undergo assessment procedures and will be reviewed according to the credit risk assessment policy approved by the Board before standard payment terms and conditions are offered.

For secured loans pledged by properties, the credit clerk will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the credit committee takes into account the applicant's credit history, the property type, valuation, loan-to-value ratios and overall market conditions at the time of the application.

For unsecured loans applied via X Wallet, the Group assesses the credit quality of applications by collecting relevant customer information such as Optical Character Recognition, facial recognition, live testing and credit report through the mobile devices. The Group has established a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities, which also limits concentrations of exposure by types of asset, counterparties, credit rating, geographic location, etc.

For unsecured loans such as debt consolidation loans and personal loans granted by the credit committee, the credit clerk will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the credit committee takes into account the applicant's background information, credit report and overall market conditions at the time of application.

The Group has also developed policies and procedures to appropriately assess and measure the Expected Credit Loss ("ECL") in accordance with impairment requirements of HKFRS 9.

As at 30 June 2024, the net loan and interest receivables of the Group amounted to HK\$739,260,000. The provision for impairment of loan and interest receivables as at 30 June 2024 under the ECL model amounted to HK\$83,912,000.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supporting information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative factors are taken into account in determining the risk of default occurring:

- (1) Probable bankruptcy entered by the borrowers; and
- (2) Death of the debtor.

During the six months ended 30 June 2024, the Group had written off loan and interest receivables totalling approximately HK\$33,695,000, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

Others

On 30 April 2024, the Group announced to acquire the entire issued share capital in Alpha Times Technology Limited (“Alpha Times”) at a consideration of approximately HK\$25,000 from an independent third party. Alpha Times is an investment holding company and is principally engaged in information technology business in the PRC through its subsidiaries.

Save as disclosed above, there were no acquisitions of other major subsidiaries or associates during the six months ended 30 June 2024 under review.

LIQUIDITY AND FINANCIAL RESOURCES

The Group remains cash sufficient and has no material capital expenditure commitments. The Group’s operations are financed by loan from a shareholder, capital and reserves and cash generated from operations.

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

INTERNAL CONTROL PROCEDURES

The following internal control measures have been implemented for the carrying out of the Group’s money lending business:

Credit Approval Process

For secured loans, the credit clerk will obtain basic information such as the applicant’s name, contact details, background information, desired loan amount and purpose of the loan, and the particulars of the property proposed to be mortgaged. The credit clerk will also obtain three preliminary estimates of valuations of the property from independent professional property valuers or banks either verbally or through internet or email. The credit officer will perform a preliminary review and verification of the application materials. The credit committee will then review the application and determine the amount of loan and the interest rate based on the applicant’s information and the valuation of the property in accordance with the internal credit policies and guidelines.

For unsecured loan applications through X Wallet, the credit approval is automatically processed by the established credit assessment model in the system. Credit reports of the applicant will be automatically retrieved from TransUnion through the Application Programming Interface. Applications will be screened by the credit scoring model which will generate a risk score in respect of each applicant based on the TransUnion report and information supplied by the applicant. Once the loan is approved, the terms of the loan, including loan amount, interest rate and tenure will be determined specifically for each applicant. Otherwise, no loan would be offered if the applicant could not pass the credit assessment.

For unsecured loans such as debt consolidation loans and personal loans granted by the credit committee, the credit clerk will obtain basic information such as the applicant's name, contact details, background information, TransUnion report, desired loan amount and purpose of the loan, etc from the applicant. The credit officer will perform a preliminary review and verification of the application materials. The credit committee will then review the application and determine the amount of loan, interest rate and loan period based on the applicant's information and the internal credit policies and guidelines.

Ongoing Monitoring of Loan Recoverability and Loan Collection

A system is in place to identify and monitor overdue loan accounts. The directors and senior management of the Group closely monitor the overall performance of the loans outstanding by checking systematically generated daily reports, and regularly review the whole collection performance of overdue assets. The debt recovery department is responsible for loan collection and it seeks management's opinion for further actions when necessary. The debt recovery department will contact the customer by phone if the account is overdue, and at the same time, notice of overdue payment will be issued to the customer. If the respective receivables have not been repaid in time, the debt recovery department will engage external debt collection agents to collect the debt. For secured loans, the debt recovery department will discuss legal actions to be taken with the management.

For loans overdue for more than 90 days, the Group will consider the loan assets to be in default, the status of the respective outstanding loan will be fully provided for, but such cases will still continue to be handled by external debt collection agents (unless the debtor has become bankrupt, subject to any debt restructuring, or if the debtor is deceased).

ORDER BOOK

Due to its business nature, the Group has no order book as at 30 June 2024. The Group has no new product and service to be introduced to the market as at 30 June 2024.

STAFF AND EMOLUMENT POLICY

As at 30 June 2024, the Group employed 120 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his/her associates, and executive is involved in dealing with his/her own remuneration.

OUTLOOK

Looking ahead to the second half of 2024, economic conditions are expected to remain challenging for Hong Kong along with the global economic slowdown, inflation, political uncertainty, etc. Nevertheless, with the automatic lending mobile application X Wallet and a “Buy Now, Pay Later” payment function X Pay, the management believes that the Group will become a comprehensive financial service platform and provide users with more diversified services in payment solutions, shopping experiences, money management and more.

Through our self-developed services and innovative “Buy Now, Pay Later” solutions, we address the financial needs of individuals at every life stage, empowering them to enjoy their desired lifestyles and grow their businesses. This year, the slogan “X Possibilities, X Wallet” highlights how the X Wallet App enables users to turn dreams into reality. Whether lending or payments, the App offers comprehensive support, unlocking a world of possibilities. X Wallet encourages everyone to pursue their dreams and unleash their potential, allowing you to create limitless possibilities in just 5 seconds.

The Group will actively review its loan portfolio and risk control status, conduct more comprehensive assessments of collaterals and exercise stringent loan application requirements to minimise default risk. Furthermore, the Group will adhere to its core risk management, endeavour to improve and perfect its risk pricing model, and will adopt a variety of marketing strategies to popularise the brands of X Wallet and X Pay to achieve greater market recognition.

With the official launch of our new brand campaign for the X Wallet App, we mark a significant milestone in our journey to establish ourselves as Hong Kong’s premier FinTech innovator. Through extensive promotions across Hong Kong Island, Kowloon, and the New Territories, utilising both offline advertising (including buses, trams, tram shelters, MTR, Airport Express, taxis, and billboards) and online channels, we aim to introduce our flagship product: the upgraded X Wallet App, featuring X Lend and X Pay. This App is not only “the first A.I. Express Loan App in Hong Kong,” but also the region’s unique “Super App” that seamlessly integrates lending and payment functionalities.

During the period, the Group has acquired an information technology business in order to bring in substantial strategic value to the Group and enable the Group to place less reliance on external suppliers in the development of information technology systems. Furthermore, the Board considers that to align with the overall strategic planning of the Group, the change of the Company’s name from Termbray Industries International (Holdings) Limited to Zero Fintech Group Limited will better reflect the current status of the Group’s business development and its direction of future development of FinTech on the money lending business.

On the other hand, due to the property market downturn in the PRC and no sales of residential units at Ever Success Plaza in recent years, the management will not explore investment opportunities in the property markets in the short term.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there is no other material change or major event required to be disclosed by the Company after 30 June 2024.

CORPORATE GOVERNANCE

The Company has met the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2024 except as disclosed below.

Pursuant to code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called “The Termbray Industries International (Holdings) Limited Act 1991”. Section 4(g) of the said Act provides that: “Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation in such manner and at such frequency as the Bye-laws may provide”. Accordingly, the chairman and managing director of the Company may not be made subject to retirement by rotation. The Company has amended its bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director, shall be subject to retirement by rotation at least once every three years, while directors holding the office of chairman or managing director shall be subject to re-election once every three years.

CHANGE IN INFORMATION OF DIRECTORS

There has been no other change in the information of the directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of the Rules 13.51(2) of the Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all directors that they have complied with the Model Code throughout the six months period ended 30 June 2024.

In addition, the Board also established written guidelines on no less exacting terms than the Model Code for senior management of the Company in respect of their dealings in the securities of the Company.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim report for the six months ended 30 June 2024.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim condensed consolidated statement of profit or loss and other comprehensive income and interim condensed consolidated statement of financial position set out above in this announcement represents an extract from the condensed interim financial information, which are unaudited but have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410. PricewaterhouseCoopers' unmodified review report is included in the interim report to be sent to the shareholders of the Company.

By Order of the Board
Zero Fintech Group Limited
Lee Lap
Chairman

Hong Kong, 28 August 2024

The Directors of the Company as at the date of this announcement are as follows:

Executive Directors:

Mr. Lee Lap (*Chairman*)

Mr. Tommy Lee (*Vice Chairman & Chief Executive Officer*)

Mr. Chau Hau Shing

Independent Non-Executive Directors:

Mr. Shu Wa Tung, Laurence

Mr. Wu Wai Pan

Ms. Chak Wai Ting